

Message Text

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64

ACTION ARA-10

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E.O. 11652: N/A

TAGS: EINV, GY

SUBJECT: GOG TO ESTABLISH NATIONAL INSURANCE COMPANY- PRESUMABLY
MARKS FIRST STEP TOWARD NATIONALIZATION OF OR PARTICIPATION IN
FOREIGN INSURANCE COMPANIES

BEGIN UNCLASSIFIED.

1. IN A SPEECH GIVEN AT GUYANA NATIONAL COOPERATIVE BANK (GNCB)
ANNUAL MEETING, MINISTER OF FINANCE FRANK HOPE STATED THAT THERE
WAS NO RPT NO ROOM IN GUYANA FOR FOREIGN-OWNED INSURANCE COMPANIES.
REMARK WAS DIRECTED AT TWO EXPATRIATE STOCK COMPANIES, U.S.
-OWNED AMERICAN LIFE INSURANCE CO. (ALICO) AND BAHAMAS-REGISTERED
BRITISH-AMERICAN LIFE. ALICO IS LARGEST INSURANCE FIRM IN GUYANA,
HAVING SOME 18,000 POLICY-HOLDERS AND PORTFOLIO ASSETS OF USDOLS
15 MILLION. IN ADDITION, ALICO OWNS OFFICE BUILDING AND EQUIPMENT
VALUED AT USDOLS TWO MILLION. END UNCLASSIFIED.

2. COMMENT: GOG-OWNED ORDINARY LIFE CO. HAS BEEN GESTATING
FOR SEVERAL MONTHS. ORIGINALLY SCHEDULED TO COME INTO BEING ON
APRIL 1, DELAY ATTRIBUTED TO GOG'S INABILITY TO OBTAIN QUALIFIED
PERSONNEL. ONCE GOVT FIRM IS ESTABLISHED, HOWEVER, IT LIKELY THAT
ALICO AND BRITISH-AMERICAN WILL BE APPROACHED TO BEGIN NEGOTIATIONS
LEADING TO GOG MAJORITY PARTICIPATION OR NATIONALIZATION. ALICO
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MANAGER STATES HIS COMPANY WILLING IN PRINCIPLE TO PARTICIPATE

WITH GOG, AS IT HAS WITH GOVTS ELSEWHERE, ALTHOUGH GOG HAS AS
YET MADE NO RPT NO DIRECT REQUEST FOR SUCH ACTION.

3. DEPT MAY RECEIVE INQUIRY FROM ALICO'S NEW YORK OR WILMINGTON
OFFICE, SINCE LOCAL MANAGER HAS ADVISED U.S. HEADQUARTERS OF HOPE'S
REMARKS. SITUATION IN INSURANCE IS SIMILAR TO THAT OF COMMERCIAL
BANKS HERE. PRINCIPAL DETERRENT TO GOG TAKEOVER OF BOTH SECTORS
OF ECONOMY IS GOG'S DEARTH OF SKILLED MANAGERS AND ALTERNATIVE
ORGANIZATIONS.

4. ALICO MAY PRESENT FIRST SERIOUS OPPORTUNITY FOR U.S. JOINT
VENTURE IN GUYANA, IF COMPANY IN INDEED WILLING TO ENTER PARTICIPA-
TION ARRANGEMENT. MOREOVER, IT COULD PROVE TO BE POSITIVE STEP IN
ALLEVIATING GOG'S CHRONIC ANTI-US SYNDROME. ALICO HAS FROM ALL STAND-

POINTS BEEN GOOD CORPORATE CITIZEN IN GUYANA, PAYING HEFTY TAXES
AND KEEPING LARGE PORTION OF ITS OR PORTFOLIO IN GOG ENTITIES.
SHOULD GOG NOT RPT NOT EVEN ATTEMPT TO GO PARTICIPATION ROUTE,
AND SIMPLY EXPROPRIATE COMPANIES ASSETS, THIS WILL BE FURTHER
DEMONSTRATION OF GOG'S TURNING AWAY FROM PRAGMATIC SOCIALISM TOWARD
MORE IDEOLOGICAL POSITION. IF PAST EXPERIENCE IS ANY GUIDE,
TIMEFRAME FOR PARTICIPATION/NATIONALIZATION ACTION FOLLOWING
RHETORIC COULD BE BETWEEN SIX MONTHS AND ONE YEAR.
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